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BIENNIAL REPORT

July 1, 1938 to June 30, 1940

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PUBLIC SERVICE COMMISSION

OF WISCONSIN

R. W. Peterson, Chairman

Robert A. Nixon, Commissioner W. F. Whitney, Commissioner

W75
1938/40

TABLE OF CONTENTS

	Page
Organization and Personnel	1
General	5
Finances	13
Utilities	16
Water Power	26
Motor Transportation	30
Rail Transportation	34

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FOREWORD

Section 195.03 (22), Wisconsin Statutes, provides that the Public Service Commission of Wisconsin "shall, on or before the first Monday in December in each even-numbered year, make a report to the governor of the transactions of its office for the two preceding fiscal years, and containing such information, suggestions, or recommendations in respect to the matters under its charge as it may deem proper."

This report is an outline of the Commission's work from July 1, 1938 to June 30, 1940. A statistical report on public utilities, railroads, and motor transportation industries will be issued in a separate bulletin.

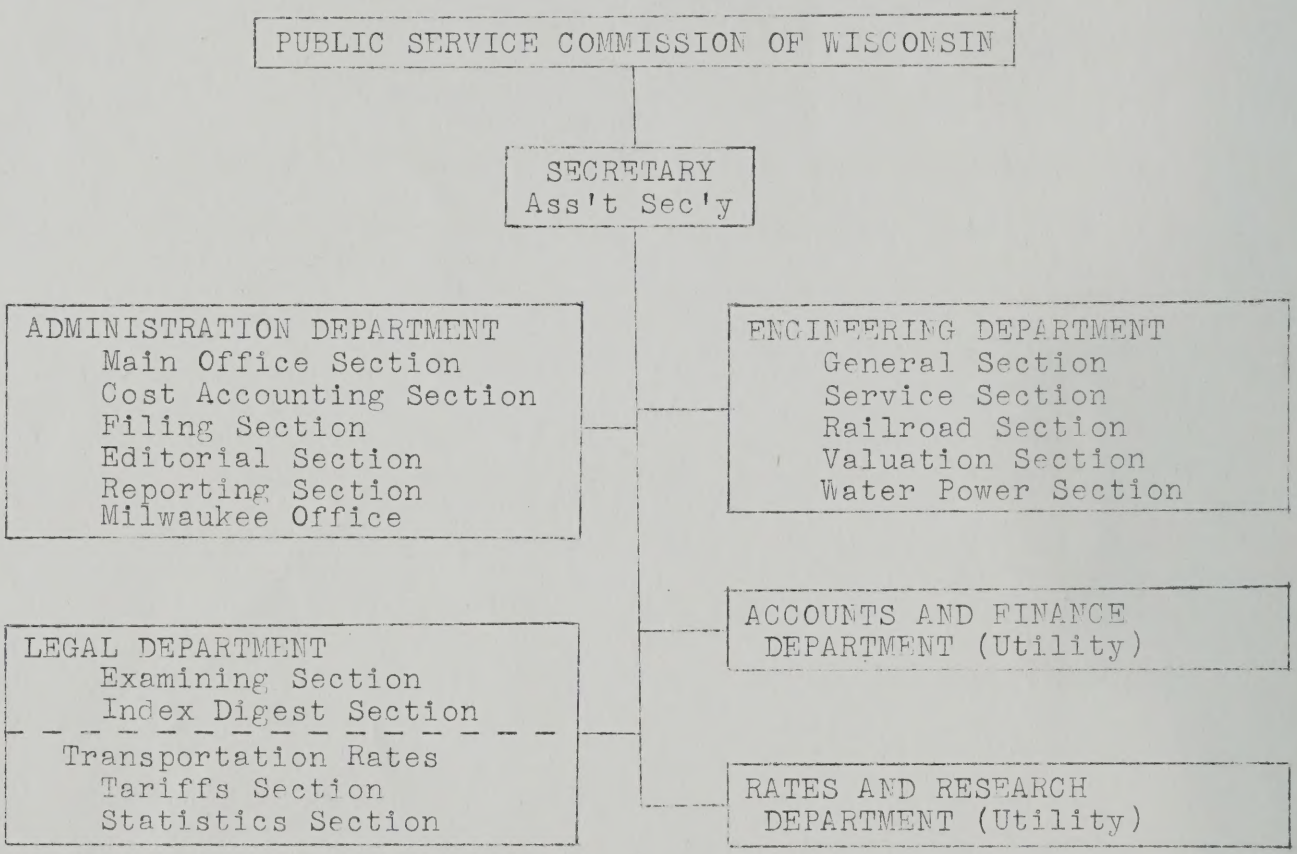
Alvin H. Olson
Assistant Secretary

November 25, 1940
Madison, Wisconsin

Organization Chart

of

PUBLIC SERVICE COMMISSION OF WISCONSIN



PRINCIPAL PERSONNEL

General

R. W. Peterson, chairman
Robert A. Nixon, commissioner
W. F. Whitney, commissioner
Alvin H. Olson, assistant secretary

Administration Department

The Commission secretary is chief of this department.

Main Office Section - Margaret P. Willison, supervisor
Cost Accounting Section - Anne E. Alinder, supervisor
Filing Section - Faye M. Robbins, supervisor
Editorial Section - H. H. Francisco, supervisor
Reporting Section - Mrs. Lois A. Hart, supervisor
Milwaukee Office - R. R. Lynch, supervisor

Legal Department

Philip H. Porter, chief

Examining Section - Mr. Porter, supervisor
Index Digest Section - Katharine M. Harrower, supervisor

Transportation Rates:

Tariffs Section - Ivan A. Sherman, acting supervisor
Statistics Section - C. E. Schreiber, supervisor

Engineering Department

George P. Steinmetz, chief; Charles B. Hayden, assistant chief

General Section - Ralph E. Purucker, supervisor
Service Section - W. H. Damon, supervisor
Railroad Section - L. P. Atwood, supervisor
Valuation Section - Warren Oakey, supervisor
Water Power Section - Kenneth C. MacLeish, supervisor

Accounts and Finance Department

A. R. Colbert, chief; Ralph S. Butler, assistant chief

Rates and Research Department

Henry J. O'Leary, acting chief

PERSONNEL

At the beginning of the biennium, July 1, 1938, there were 234 permanent employees including the three Commissioners and the director. This was after the transfer of 35 staff members to the State Inspection and Enforcement Bureau of the Tax Commission which was made on the preceding day by executive order under the 1937 state reorganization law. There were 13 temporary employees on the pay roll as of the same date.

During the following two years 16 people were added to the permanent staff; 27 staff members resigned; 20 were dismissed; and there was a net transfer to other state departments of 54 of the Commission's employees.

At the end of the biennium there were 149 permanent employees including the Commissioners and Secretary, and no temporary help was on the pay roll roster, compared with 247 temporary and permanent employees at the beginning of the biennium.

The Commission is now comprised of R. W. Peterson as chairman and Robert A. Nixon and W. F. Whitney, commissioners.

Chairman R. W. Peterson was born in Berlin, Wisconsin, was graduated from the Berlin High School, served in the United States Navy during the World War, and was graduated from Marquette University law school. He was elected Green Lake county district attorney in 1926 and was reelected three times. He served as a member of the Wisconsin Assembly from January 1935 until October 1939 when he resigned to become a member of the Public Service Commission. He was named chairman of the Commission on October 11, 1939.

Commissioner Robert A. Nixon was born in Viroqua, Wisconsin, where he attended high school. He was graduated from the law school of George Washington University at Washington, D. C. He practiced law at Washburn, Wisconsin from 1927 to 1937. He served as a member of the Wisconsin Assembly from 1929 to 1935 and as district attorney of Bayfield county from 1935 to 1937 when he resigned to accept the appointment to the Commission.

Commissioner W. F. Whitney was born in Whitewater, Wisconsin. He was graduated from Whitewater State Normal and the University of Wisconsin law school. For four years he served as principal at Waukesha high school. He practiced law in Wenatchee, Washington, was state's attorney

for Chelan county, Washington, for several years, and was referee in bankruptcy there for four years. During the next decade Mr. Whitney was active in the retail automobile business, and later founded a wholesale and retail automobile distributorship corporation in Wisconsin, which he headed. His term as Commissioner began on October 5, 1939.

Fred S. Hunt, Commissioner since July 6, 1933, and Chairman since July 7, 1937 returned to Milwaukee on October 5, 1939 when R. W. Peterson was appointed to the Commission. Mr. Hunt's term had expired on February 6, 1939.

Commissioner R. Floyd Green, La Crosse, resigned on May 19, 1939 to accept the appointment by Governor Julius P. Heil to the Wisconsin Employment Relations Board.

The position of director was abolished by the legislature on September 7, 1939. Calmer Browy who had acted in this capacity first as acting director (appointed on October 20, 1937) and then as director (appointed on February 3, 1938) was retained on the staff with his former civil service classification of junior investigator, although continuing to perform the duties of acting secretary until, after civil service examinations, John G. Kaiser, Ripon, was appointed secretary on April 1, 1940 (since resigned on September 27, effective September 30). Mr. Browy was then assigned to the examining section.

Of the 27 staff members who resigned during the biennium, 10 went to federal positions. The Bonneville Dam Project in Oregon employed Frank P. Hyer, Barclay J. Sickler, and Elmer W. Moke. Walter E. Caine and Edward M. Imhoff went to the Federal Power Commission to which Walter E. Baker also went as chief accountant. Douglas J. McFarlane went to the Securities and Exchange Commission; Erwin G. Schmidt, to the Federal Income Tax Division; Olaf S. Wessel, to the TVA; and George Goldfine, to the U. S. Weather Bureau. Two heads of departments resigned--Edward W. Morehouse, chief of the Rates and research Department, going to the Associated Gas and Electric Company, New York, as employee of the trustees, and William F. Ehmann, chief of the Tariffs Department, establishing a consulting traffic service in Madison.

In February 1940 because of budget restrictions imposed by the Emergency Board and reduced work, the Commission reduced its staff by dismissals.

By legislative action there were returned to the Commission on January 16, 1939 the 35 employees who had been transferred to the State Inspection and Enforcement Bureau on June 30, 1938 and the 9 members of the

Securities Division who had been transferred to the Banking Commission on January 8, 1938. These 9 were again transferred at the close of business on June 10, 1939 to the new Department of Securities. Effective December 1, 1939, 89 staff members employed on certain functions concerned with motor vehicle regulation were transferred to the new Motor Vehicle Department.

History

The Public Service Commission of Wisconsin is a descendant of the original board of three railroad commissioners created by the Wisconsin legislature in 1874 when William R. Taylor was governor of the state and Ulysses S. Grant was president of the United States.

The board of three served until 1876 when it was replaced by a single commissioner. In 1905 the Railroad Commission was created with three members. Substantial changes were made in the utilities laws in 1931 and the name of the Commission was changed to Public Service Commission of Wisconsin.

With original jurisdiction over little more than railroad rates, the Commission has been given additional duties through the years, particularly through legislative enactments in 1905 and 1907, until now it has jurisdiction over electric, gas, water, and telephone utilities; railroads and telegraph companies; water powers and navigation; and certain phases of motor transportation.

Commissioners who have served since the Railroad Commission was created in 1905 are:

Halford Erickson	- June 21, 1905 to May 1, 1916
B. H. Meyer	- July 5, 1905 to Jan. 1, 1911
John Barnes	- July 7, 1905 to Aug. 1, 1907
John H. Roemer	- Aug. 6, 1907 to Feb. 1, 1915
David Harlowe	- Jan. 20, 1911 to Feb. 8, 1915
Carl D. Jackson	- Feb. 1, 1915 to Jan. 1, 1923
Walter Alexander	- Feb. 8, 1915 to June 21, 1917
Henry R. Trumbower	- June 1, 1916 to Feb. 10, 1923
John S. Allen	- June 25, 1917 to Apr. 19, 1921
Lewis E. Gettle	- May 5, 1921 to Feb. 1, 1930
Adolph Kanneberg	- Feb. 2, 1923 to Apr. 1, 1931
A. R. McDonald	- May 8, 1923 to Jan. 31, 1937

Philip H. Porter	- June 16, 1930 to Jan. 14, 1931
David E. Lilienthal	- Mar. 25, 1931 to June 23, 1933
Theo. H. Kronshage, Jr.	- Apr. 1, 1931 to July 29, 1934
Fred S. Hunt	- July 6, 1933 to Oct. 4, 1939
R. Floyd Green	- June 29, 1937 to May 19, 1939

Of the present Commission, Chairman R. W. Peterson began his term of office on October 5, 1939; Commissioner Robert A. Nixon, on March 1, 1937; and Commissioner W. F. Whitney, on October 5, 1939. Commissioners are appointed by the governor, confirmed by the senate, and serve 6-year terms.

Scope of Work

To carry out its duties in regulating utilities, railroads, water powers, and motor transportation companies during the biennium, the Commission held 3,765 public hearings in various parts of the state and numerous conferences and meetings to close 9,505 formal and informal cases.

The Commission also took part in 35 railroad and 832 motor transportation cases before the Interstate Commerce Commission during the 2-year period.

An estimate of the extent of public hearings may be made from the fact that at these hearings Commission reporters took down in shorthand about twenty and one-quarter million words.

Below in tabular form are shown public hearings, formal cases, orders issued, and similar information:

Formal Cases Closed

	1938-39	1939-40
Railroad	182	146
Water Power	56	63
Utility		
General	196	157
Securities	27	27
New plants and additions	581	457
Motor		
General	31	25
Common carrier certificates	56	51
Contract carrier licenses	1,181	1,362
Amendment of operating rights	797	870
	3,107	3,158

Hearings

	1938-39	1939-40
Railroad	173	165
Water Power	89	58
Utility		
General	209	135
Securities	13	8
New plants and additions	61	50
Motor		
General	58	36
Common carrier certificates	88	90
Contract carrier licenses	1,203	1,329
	1,894	1,871

Additional Orders

	1938-39	1939-40
Railroad	127	60
Water Power	18	31
Utility	153	80
Motor	538	611
	836	782

Informal Cases

Informal utility, railroad, and water power cases	823	799

Court Cases

During the biennium 31 Commission cases--less than one-half of one percent of those considered--were before the courts upon appeal.

Jurisdictional Totals

A total of 1,262 public utilities were under the Commission's jurisdiction at the close of the biennium. Included were 746 privately owned telephone utilities, and 152 electric, 24 gas, 331 water, and 9 heating utilities either privately or municipally owned.

Transportation service under the Commission's jurisdiction is furnished by 21 steam railroads, 1 express company, 2 interurban electric railways, 3 urban electric railways, 1 urban trackless trolley system, 55 common motor carriers of passengers, and 100 common motor carriers of property. In addition to the regular route common carriers, 7,688 contract motor carriers are licensed.

Urban passenger transportation is afforded in 24 urban areas by the 3 urban electric railways, the trackless trolley system, and 16 of the common motor carriers. Seven of these 16 common motor carriers, 39 additional common motor carriers, the 2 interurban electric railways, and 12 of the steam railroads give intrastate interurban transportation service.

Of the regular route common carriers giving intrastate service between points within Wisconsin, 10 of the

steam railroads, 1 of the interurban electric railways, and 8 of the motor carriers also carry passengers between points in Wisconsin and points in other states; and 12 of the steam railroads, 1 of the interurban electric railways, and 28 of the motor carriers transport freight between Wisconsin points and points outside the state. Two common motor carriers of passengers and 154 common motor carriers of property handle interstate business only. There are 1,015 contract motor carriers of property licensed to handle exclusively interstate freight from, to, or through the state.

Under Commission Jurisdiction - June 30, 1940

Bus lines (motor carriers of passengers)	55
Common motor carriers of property	100
Contract carriers of property	7,688
Dams in the state	1,073
Electric utilities	152
Express companies	1
Heating utilities	9
Gas utilities	24
Interurban electric railways	2
Steam railways	21
Telephone utilities	746
Telegraph companies	2
Urban electric railways	3
Urban trackless trolley systems	1
Water utilities	331

New Laws

Securities Division: On January 10, 1938 the securities division administering the so-called "blue-sky" law was transferred from the Commission to the Banking Commission, the governor making this transfer under the authority vested in him by chapter 9, laws of the special session of 1937. Chapter 413, laws of 1939, however, restored the securities division to this Commission. Chapter 68, laws of 1939, created the Department of Securities and transferred to that department the duty of administering the securities law which is contained in chapter 189, Statutes.

Revision of Statute Creating the Commission: By chapter 9, laws of special session, 1937, and by chapter 413, laws of 1939, the statute which created the Commission was revised so as to make necessary thefilling of vacancies on the Commission within 60 days after the commencement of the regular session of the legislature next following the occurrence of such vacancies.

Change from Director to Secretary: Effective October 16, 1937, the office of secretary of the Commission was abolished and that of director substituted. The law provided that the director should be responsible for the efficient administration of the Commission. Chapter 413, laws of 1939, restored the office of secretary. Section 195.01 (8) describes the duties of the secretary by providing that he shall "keep full and correct records of all transactions and proceedings of the Commission, and shall perform such other duties as may be required by the Commission."

Motor Carrier Law: Chapter 410, laws of 1939, created the Motor Vehicle Department of Wisconsin and vested in that department much of the jurisdiction over motor carriers formerly exercised by the Public Service Commission. Under the amended law the Commission retains jurisdiction to issue, amend, and revoke the operating rights, and to regulate the rates and service of such carriers.

The Motor Vehicle Department has taken over the jurisdiction contained in those provisions of chapter 194, Statutes, relating to permits, taxes, insurance, and safety of operations, and also the policing and enforcement of the provisions of that chapter and the orders of the Commission. Because of these changes in the law the Commission no longer has any jurisdiction over persons operating motor vehicles not for hire.

The 1939 law gives a new definition of the term "for hire" which extends to indirect as well as direct compensation and includes cases where a trucker purchases property immediately before and sells it immediately after transportation and secures compensation for his trucking services by including the trucking charge in the selling price of the transported property.

Remainder Assessment: By the laws of 1939 street and interurban railroads were excluded from the so-called "remainder assessment" whereby the costs of utility regulation not directly assessed in specific cases are assessed to the public utilities of the state proratably in accordance with their gross operating income.

Recapitulation

Briefly, it may be said that during the biennium the Commission continued to reduce its staff, slash expenditures, improve procedure in formal and informal cases, and handle nearly the same volume of work as during the preceding report period. The Personnel and Financial sections of this report give details of economies and reductions.

Division of Staff Work

Administration Department

Main Office Section: Functions as the administrative office and general information bureau of the Commission both for the public and the staff.

Cost Accounting Section: Keeps finance and personnel records of the Commission, coordinates travel of staff members, issues and inventories supplies and equipment, and audits expenditures.

Filing Section: Keeps all files and records of the Commission's work except finance and personnel; employs a follow-up system on files and correspondence; handles mailing and distribution of Commission notices and orders; and maintains the Commission library.

Editorial Section: Prepares Commission material to be printed.

Reporting Section: Prepares the official word-by-word record of hearings.

Milwaukee Office: Makes various studies and investigations in the Milwaukee area for the several departments of the Commission.

Engineering Department

This department renders general engineering services in transportation, water power, and utility cases. It makes valuations of utilities and other property as required by the Commission for rate, securities, and acquisition purposes; frequently does engineering work for other state departments; handles all investigations and complaints other than as to rates on telephone, electric, gas, water, bus, truck, streetcar, and railroad service; makes regular service and safety inspections of utility, transportation, and water power facilities; investigates applications by utilities to add facilities other than rural electric lines; and investigates water power and navigation matters such as lake levels, obstruction of navigable streams, operation of dams, measurement of stream flow, and proposed plans for water power structures.

Legal Department

Examining Section: Conducts formal hearings; prepares and issues notices of hearings; handles matters involving operating rights of utilities, truck and bus lines, streetcar systems, railroads, and dam operators; and renders general legal service to the Commission and the staff. Representatives of this section also sit as members of Interstate Commerce Commission joint boards.

Index Digest Section: Digests and indexes the Commission's orders for publication in book form.

Statistics Section: Audits books and reports and analyzes costs of railroads and motor carriers and maintains files of general statistics and data on the transportation industry.

Tariffs Section: Investigates freight tariffs and passenger fares of express, truck, and bus lines, streetcar and trackless trolley systems, and electric and steam railroads; maintains a complete file of freight tariffs and passenger fares; represents the state in Interstate Commerce Commission rate proceedings; investigates telegraph rates; and audits freight bills upon request.

Accounts and Finance Department

The accounts and finance department audits books and reports of electric, telephone, gas, and water utilities; investigates and studies applications of utilities to issue stocks, bonds, and other securities; and investigates financial practices of utilities.

Rates and Research Department

This department investigates and designs rates and rules and analyzes costs of telephone, electric, gas, and water utilities; prepares technical reports and recommendations for the examining section and the Commissioners in connection with formal utility cases; handles complaints involving utility rates and rules and extension of service to prospective customers in the existing territory of utilities; investigates applications of electric utilities to extend rural distribution lines; collects, analyzes, and furnishes information and data on the utility industry; makes investigations of economic conditions affecting the utility industry; and maintains a file of electric, telephone, gas, and water rates.

FINANCES

During the 1938-40 biennium, the Commission received by legislative appropriations approximately $383,000 for its use. In the same period the Commission collected and paid into the state general fund about $2,073,000 which was not for use by the Commission and which was more than five times the amount appropriated by the legislature to the Commission.

The Commission has four principal sources of receipts to finance its work in the utility, railroad transportation, water power, and motor transportation fields.

1. The general legislative appropriation defrays expenses for which no other provision has been made.

2. To defray the expense of regulating the rates, service, construction, finances, and securities of telephone, electric, gas, and water utilities, whether privately or municipally owned, the Commission may assess costs of particular investigations against the investigated utility up to four-fifths of 1 percent of the gross intrastate operating revenues of the utility in the previous calendar year. A similar assessment is made in railroad investigations.

3. To pay the costs incurred in utility regulation that cannot be ascribed to a particular investigation, the Commission makes a so-called remainder assessment each year against all Wisconsin utilities which may not exceed one-fifth of 1 percent of the gross intrastate operating revenues for the previous year.

4. Regulation of truck and bus line authorities, rates, and service is financed by a specific legislative appropriation.

Details of Commission finances are given in following tables.

The table below gives the receipts and disbursements of the Commission for the 1938-39 and 1939-40 fiscal years.

Receipts and Disbursements

Receipts	1938-39	1939-40
1. General Legislative Appropriation	$220,000.00	$142,500.00
Transfer to Banking Commission for Securities Division	18,772.00	--
Net Appropriation	201,228.00	
2. Milwaukee River Flood Control Survey (legislative appropriation) Released	4,300.00	
3. Motor Transportation (legislative appropriation)	--	58,333.33*
4. Direct Charges Against		
Utilities	106,876.85	84,469.87
Railroads	942.73	137.10
Securities Agents & Dealers	1,698.00**	--
5. Remainder Assessment Against Utilities	183,860.92	175,334.21
6. Conditionally Exempt Securities (Blue Sky) Permit Fees	140.00**	--
7. Motor Transportation Filing & Permit Fees	436,359.98	81,239.06*
Transfer to Tax Commission for Inspection Department	56,717.83	--
Net Appropriation	379,642.15	
Subtotal	878,688.65	542,013.57
Less Cuts and Lapses in Appropriations		
Item 1 above, Emergency Board cut	5,500.00	10,687.50
Item 3 above, " " "	--	7,500.00
Items 4 and 5 above, Emergency Board cut	6,631.94	21,348.88
Items 4 and 5 above, lapse by legislative action	--	120,000.00
Item 7 above, Emergency Board cut	8,099.24	--
Item 7 above, lapse by legislative action	--	331,323.06*
Total Cuts	20,231.18	490,859.44
Net receipts less cuts and lapses	$858,457.47	$ 51,154.13

* Affected by transfer of certain functions of motor vehicle carrier regulation to new Motor Vehicle Department on December 1, 1939.

** For period January 16 through June 10, 1939.

Disbursements	1938-39	1939-40
Utility	$341,197.82	$282,884.38
Railroad Transportation	64,643.54	60,178.62
Water Power	30,714.99	33,491.35
Blue Sky Securities	15,997.18**	--
Milwaukee River Flood Control Survey	4,795.41	1,047.75
Court Case Costs - Utility	12,898.62	--
Motor Transportation	301,083.20	200,273.54*
Total	$771,330.70	$577,875.64

The table below shows the funds collected by the Commission for the general state fund as the state's agent. Moneys thus collected are used for general state purposes and are not retained by the Commission.

Collections for General State Fund

	1938-39	1939-40
Motor Transportation Flat & Mileage Taxes Including Interest	$1,196,615.07	$638,886.56*
Motor Carrier Filing Fees	--	7,485.00*
Blue Sky License and Permit Fees	4,618.50**	--
Utility Security Fees (Public Service Corporations)	148,456.70	61,479.10
Water Power Fees & Engineering Fees	5,062.59	6,484.04
Copy Work	1,473.51	1,083.37
Sale of Printed Matter	514.30	340.25
Witness Fees	17.50	22.61
Miscellaneous	10.00	112.07
Total	$1,356,768.22	$715,893.00

* Affected by transfer of certain functions of motor vehicle carrier regulation to new Motor Vehicle Department on December 1, 1939.

** For period January 16 through June 10, 1939.

UTILITIES

During the 1938-1940 biennium, the Commission ordered or authorized public utility rate reductions to save 440,000 customers about $1,728,000 a year and approved public service corporation securities issues totaling $208,747,930.

Under the Commission's jurisdiction at the close of the biennium were 1,262 public utilities, a decrease of 1 from the previous year:

Number of Utilities Operating in Wisconsin

June 30, 1939	Private	Municipal	Total
Electric	66	86	152
Gas	27	1	28
Water	17	298	315
Heating	6	3	9
Telephone	759	0	759
	875	388	1,263
June 30, 1940			
Electric	66	86	152
Gas	23	1	24
Water	17	314	331
Heating	6	3	9
Telephone	746	0	746
	858	404	1,262

Rate Reductions

Largest rate reductions made during the biennium were to customers of electric utilities as shown by the following table:

Rate Reductions

	Approximate Reductions	Customers Benefited
July 1, 1938 to June 30, 1939		
Electric	$ 725,361	151,412
Telephone	4,558	1,684
Gas	82,070	33,720
Water	41,320	22,263
	$ 853,309	209,079

Rate Reductions (Cont'd)

	Approximate Reductions	Customers Benefited
July 1, 1939 to June 30, 1940		
Electric	$ 811,468	219,550
Telephone	9,143	1,969
Gas	37,689	6,981
Water	16,522	3,002
	$ 874,822	231,502

Securities Issues

A comparison of the amount of securities authorized by classes with those authorized during the previous biennium is shown in the following table:

	1936-38	1938-40
Common stock	$ 9,061,400	$ 60,805,730
Preferred stock	69,750	42,375,400
Bonds	26,948,000	86,720,000
Notes	850,700	18,845,800
	$36,929,850	$208,746,930

A significant feature of the large amount of securities issues has been the refunding and refinancing of outstanding securities and the relatively small portion of the total amount of securities representing new capital.

	For refunding purposes	For new capital
Common stock	$ 60,214,780	$ 590,950
Preferred stock	42,375,400	--
Bonds	85,695,000	1,025,000
Notes	18,816,800	29,000
	$207,101,980	$1,644,950

Among the larger securities issues during the biennium were the following:

	Common stock	Preferred stock	Bonds	Notes
Madison Gas & Elec. Co.	$ -	$ -	$1,000,000	$ -
Wisconsin Elec. Pwr. Co.	14,320,980	26,209,800	55,000,000	14,500,000
Mississippi Valley Pub. Service Co.	-	-	2,100,000	-
The Milw. El. Ry. & Trans. Company	25,000,000	-	10,000,000	-
Northern St. Pwr. Co.	7,532,700	-	17,500,000	-
Milw. Gas Lt. Company	3,828,000	-	-	-
Wisconsin Gas & Elec. Co.	-	4,648,000	-	1,500,000
Wis.-Mich. Pwr. Co.	200,000	4,000,000	-	620,000
St. Croix Falls Wisconsin Improvement Co.	1,652,600	-	-	-
Wisconsin Tel. Company	5,000,000	-	-	-
Wisconsin Pwr. & Light Co.	-	-	-	1,850,000

An indication of the extent of the reduction in annual fixed charges attendant upon the refunding of securities is reflected in the following table, which shows a comparison for some of the larger issues, of the interest and dividend rates on the presently outstanding securities and those of the securities which were refunded:

	Interest or dividend rates on	
	New issues	Old issues
Wisconsin Electric Power Co.		
Bonds	3.50%)	5.00%
Notes	2.625%)	
Preferred stock	4.75%	6.00%
Mississippi Valley Public Service Co.		
Bonds	4.00%	5.00%

	Interest or dividend rates on	
	New issues	Old issues
Northern States Power Co.		
Bonds	3.50%	(5.00% (5.50% (6.00% (7.00% (8.00%
Wisconsin Gas & Electric Company		
Notes	2.75%)	5.00%
Preferred stock	4.50%)	
Wisconsin Michigan Power Company		
Notes	2.50%	3.00%
Preferred stock	4.50%	6.00%
Wisconsin Power & Light Company		
Notes	2.25%	4.00%

The refinancing of outstanding bond issues, at least by the larger utilities, appears to be nearing completion. It is expected, therefore, that low interest rates will be experienced by the utility industry for the next quarter of a century, at least, upon a large part of its debt.

The term of the new bond issues usually runs for a period of from 25 to 30 years. In view of the present low interest rates, it is probable that these bonds will be outstanding to maturity. This will mean a number of maturities around 1965. The demand of the utility industry in this and other states for a large amount of capital for refunding purposes at approximately the same time may increase the cost of capital at that time unless future maturities are staggered more than they have been.

In view of this circumstance and the relatively high ratio of bonds to utility plant prevailing at the present time, the Commission has been insistent that new issues of bonds include provisions for serial maturities or sinking funds which will retire a portion of the debt annually. Usually this amounts to from 1 to 2 percent of the bond issue per annum.

It is interesting to note that purchasers of bonds, especially institutional investors, have welcomed this requirement of the Commission and we believe it fair

to state that the debt retirement provisions have had an effect on the low cost of capital.

The increase in the issues of common stock evidences, in part, the activity of the Commission in urging this type of financing to improve the ratio of common stock equity to utility property and to total capitalization.

The savings in fixed charges resulting from the refunding of senior securities, the improvement in capital structures, and the adoption of sound depreciation policies have improved the common stock equities and will, we believe, result in more financing by the sale of additional common stock.

In the long run, these policies should benefit both investor and consumer. The former should receive the benefit of a more stable investment with reasonable assurance that the depreciation policy will prevent impairment of capital; the latter should gain in the reduction of interest charges resulting in an overall decrease in the cost of service and permitting lower rates for utility service.

Rural Electrification

The Commission continued to promote an orderly development of rural electric service. Procedure under the Commission's rules permits authorization, with a minimum of delay, of rural extensions when no objection to the proposed construction is made by affected persons, utilities, or cooperatives. The Commission has no jurisdiction over cooperatives. Extensions to which objection is made are investigated, either formally or informally, and authority to construct them is granted or denied dependent upon whether the proposed extension appears to promote or to hinder the orderly development of rural electric service.

Following is a table showing the average number of rural customers served during 1936, 1937, 1938, and 1939 by utilities and cooperatives. The average number served each year is shown rather than the number served at the close of the year. This is necessary because utilities reporting to this Commission show average numbers in their reports for 1938 and 1939.

Average (1) Number of Rural Customers

Year	Utilities	R.E.A. Financed Co-operatives	Total
1936	44,827 (2)	- - -	44,827
1937	53,755	1,877	55,632
1938	63,270	7,069	70,339
1939	67,500 (3)	13,458	80,958 (3)

(1) Obtained by averaging the number of customers at the beginning and at the close of the year except that in 1938 and 1939 utilities reported average customers and these figures were summarized.

(2) Figures in the table do not show all customers located in rural areas but only those served at rural rates.

(3) Preliminary figures.

Acquisitions and Sales

Municipal acquisition cases handled during the biennium included Superior, Shullsburg, Darlington, Medford, Mount Horeb, Adams, Pardeeville, Cambridge, and Edgerton which were carried over from the previous period. The Whitehall case reached the Commission during the present biennium.

The Commission issued certificates of authority on the sale of the Oregon Electric Company's property to the Wisconsin Power and Light Company; the Crawford County Telephone Company to the Commonwealth and the Boscobel Telephone Companies; the Middleton Municipal Electric Utility to the Madison Gas and Electric Company; the Chippewa County Telephone Company to two individuals. In addition, a number of small switched telephone companies were taken over by larger companies.

Interconnection of Electric Utilities

The construction of interconnecting lines between Wisconsin utilities may form an important link in national defense plans. Wisconsin law provides that no public utility shall begin the construction, installation, or operation of any new plant, equipment, property, or facility nor the construction or installation of any extension, improvement, or addition to its existing plant, equipment, property, apparatus, or facilities until it shall have complied with any applicable special or general order of the Commission.

The Commission has been active in the matter of the interconnection of electric systems and members of its staff have served on a general committee which is making a survey and study of the problem. The Federal Power Commission is making a national survey on the subject.

During the biennium several companies were involved in interconnecting programs. The Wisconsin Electric Power Company and the Wisconsin Power and Light Company entered into a contract for the construction of another interconnecting transmission line and the interchange of power.

A 132,000-volt transmission line was built from Whitewater to Janesville. The Madison Gas and Electric Company has renewed its contract with Wisconsin Power and Light Company. The Willow River Power Company and the Northern States Power Company entered into a contract for purchase of power by the former through a 13,200-volt transmission line between Cedar Falls and the Burkhardt plant of the Willow River Company. The Wisconsin Hydro Electric Company and the Northern States Power Company renewed their contract for the sale of power.

Original Cost and Continuing Property Records

In the previous biennium the Commission prescribed uniform systems of accounts for Wisconsin utilities. One of the important provisions contained in the systems of accounts is that utility plant shall be recorded on the books of the utility at the original cost of the property when it was first devoted to utility service.

During the current biennium Commission accountants and engineers co-operated with utility employees in determining the original cost of the property and setting up of adequate fixed capital records. Since this work was started, approximately $20,000,000 has been required to be written off the books of utilities as improper charges to property accounts.

Substantial progress has also been made in setting up continuous property records. The basic record for the Northern States Power Company has been submitted to the Commission. Several other companies will soon submit the results of the work now completed. Work is in progress on the property of 23 utilities.

As this work is completed the regulation of rates, acquisitions, and securities issues will be

greatly accelerated and simplified as was demonstrated in the cases concerning the Northern States Power Company which were closed during the biennium. Much of the time required to dispose of such cases heretofore has often been due to the necessity of obtaining field inventories and pricing these inventories. This work will be greatly reduced by the continuous property records from which an inventory and both original and present-day costs can readily be obtained.

All public utilities are required to submit annual reports to the Commission. These reports range from one or two pages to more than 100 pages. They set forth a substantial amount of detail relative to assets and liabilities, revenues, and expenses, and contain a vast store of information extremely valuable to the Commission in the exercise of its regulatory duties. More than 600 of these reports are reviewed and checked annually.

Depreciation

Class A and B utilities have filed their estimates of the average annual rate of depreciation required for each class of plant used for public utility purposes. These estimates are reviewed by the Commission's staff, necessary changes are made in the depreciation rates after consultation between our staff and the utility, and certification of the rates are issued as provided by statute. In a matter as highly controversial as depreciation, agreement has been reached concerning the rates without formal hearings and no certification has been contested by any utility during the past two years.

Miscellaneous Activities

To carry out its duties in the regulation of public utilities, the Commission engaged in many various activities.

The Commission has issued specific orders relative to extensions and additions to the facilities of electric, water, gas, and telephone utilities, and there has come before the Commission a great number of formal and informal applications for authority to install water mains, wells, pumping equipment, electric generators, steam and Diesel engines, transmission lines, substations, etc.

Diesel engine development has been of increasing importance in the volume of Commission work. Comparisons have been made by the Commission of the cost of Diesel and other means of generation. Applications for authority to

install Diesel units were made by Menasha, New Lisbon, Arcadia, Fennimore, Muscoda, Cumberland, and Kewaunee.

In a case affecting fluorescent lighting, the Commission issued an order prescribing conditions under which utilities would be required to connect for service.

Applications by natural gas companies for authority to pipe gas into the state and serve Wisconsin utilities required studies of various gas manufacturers in the state and of experience in states where natural gas is sold.

The Commission has helped adjust differences which have arisen from inductive interference on grounded telephone lines through the widespread extension of electric distribution lines.

Maintained jointly by the University of Wisconsin and the Commission, the standards laboratory has made 1,896 miscellaneous meter instrument and equipment tests during the biennium.

The state electrical code has been revised by the Commission and the Industrial Commission working in co-operation.

In tabular form are given the utility service inspections made during the past two years by the Commission's engineering department:

Utility Service Inspections

Formal, routine, and complaint inspections:

Gas	45	
Electric	384	
Telephone	347	
Water	166	
Radio interference	3	
		945

Referee tests:

Gas	1	
Electric	5	
Water	1	
Steam	1	
		8

Formal and informal complaints:

Gas	44	
Electric	782	
Telephone	844	
Water	375	
Radio interference	77	
Miscellaneous	28	
		2,150

Appraisals made:

Electric properties	9	
Combined properties	4	
Telephone properties	39	
Water power properties	3	
Gas properties	0	
Water properties	2	
		57
Estension estimates		32
Street-lighting estimates		24
Miscellaneous cases to bring previous appraisals up to date, to determine utility depreciation rates, etc.		147

Valuations for acquisition purposes were made of electric utility properties in Middleton, Oregon, Mount Horeb, Galesville, Adams, and Edgerton.

At the end of the 1938-1940 biennium there were 1,073 dams under the Commission's jurisdiction. Of these, 838 were main dams for power and water control and 235 were drainage district dams. Not all the dams in the state are included in these figures since there are numerous structures used for water levels, cranberry culture, and fur farming of which the Commission has no record.

The Commission's work on water power questions for the biennium is indicated by the following enumeration:

Permits issued	37
Formal cases decided	115
Special investigations	132
Dams surveyed and inspected	301
Plans checked and approved	106
Informal water power cases investigated	148
Stream gaging stations maintained	103
Stream measurements	1,315

Beaver Repair Crew

On a recent water power inspection in Clark County Commission representatives viewed a log and brush dam constructed by a family of beavers. Evidence in the area told the experts what had happened.

The beaver family had built the dam which raised the water too high. As a result one of the dikes failed. The beavers promptly repaired the dike before the break was discovered by human engineers.

New Construction

During the 2-year period the Commission issued 37 permits for the construction of dams and approved plans for 87 hydraulic structures.

The largest hydroelectric development started was a dam across the Fox River. This is being constructed by W. P. A. for the city of Kaukauna and will cost about $409,000.

Thirty-seven dams which have been completed under W. P. A. auspices or are now under construction, will cost about $1,528,000. Completed projects have been turned over to the counties or municipalities which

sponsored them. Instructions on the operation and maintenance of the dams have been issued by the Commission and bench marks, to which a record of water levels may be referred, have been set.

A new powerhouse for two 2,000-horsepower hydroelectric units is now being constructed by the Lake Superior District Power Company at Ladysmith at an approximate cost of $150,000.

Important transfers and acquisitions of hydroelectric properties were the sale of the Upper Oconto Dam and generating facilities by Union Falls Paper Company to Wisconsin Michigan Power Company; the transfer from nonoperating to operating property of the Nevers Dam on the St. Croix River by the St. Croix Falls Improvement Company; sale of the Jim Falls Dam, canal, powerhouse, fee, and flowage lands by the Chippewa Power Company to Northern States Power Company; and the acquisition by the North Western Wisconsin Electric Company of the dams of the Clam River Electric Company and Polk County Electric Company.

Diversion Projects

A successful diversion plan was completed by county sponsorship of a W. P. A. project in Sawyer County to divert surplus water from the Chief River to Round Lake. By the construction of a dam in Chief River part of the lost water level has been restored to the lake. Restoring the lake to maintain property values and to create several miles of new lake shore on county-owned property is considered of great value to the county for taxation purposes.

Water Conservation

Continuation of interest in water conservation projects and the availability of federal funds for the construction of dams, reservoirs, and water diversion have caused many projects to be undertaken and completed.

In nine central Wisconsin counties where approximately 235 smaller dams are located, the Water Regulatory Board in co-operation with the Commission has devoted the major portion of its $26,000 appropriation for sponsoring W. P. A. work projects to strengthen dams and dikes.

The United States Department of the Interior has taken over 41,500 acres in Juneau County, northwest of Necedah, and will operate several dams to create water areas for migrating wild life and fish and for a game refuge. The Soil Conservation Service is operating dams

over a large area in Jackson County. Field inspections by the Water Regulatory Board and the Commission are carried on continuously in the Central Wisconsin Nesting Area to supervise operation and maintenance of the various projects.

Annual inspections have been made of each of the 84 dams having over 750 theoretical horsepower. Sounding charts were made under the direction of the Commission's engineers to determine channel scour. Operation and maintenance problems and the condition of the structure as to safety were discussed with the owning companies. During the biennium, hearings were held on the failure of two dams and the unsafe condition of five others. Repairs and additions were later made under Commission supervision.

A survey of the Milwaukee River basin and examinations of dam sites feasible for detention reservoirs were sponsored as a W. P. A. project with a special legislative appropriation of $7,500. The Commission assisted the State Planning Board in preparing a report on the feasibility of a Milwaukee River flood control system.

Important Cases

The Rest Lake case cited in a previous report is now scheduled for a second rehearing because an action to set aside the findings of the Commission was brought in circuit court and it was shown that new evidence would be offered. To avoid trial in the first instance and transmitting evidence to the Commission for further consideration, it was stipulated to present the new evidence directly to the Commission.

In a case now pending before the Federal Power Commission involving the reconstruction of the Tomahawk Dam in the Wisconsin River, federal attorneys took the position that the Wisconsin River at Tomahawk is a navigable stream of the United States, whereas the state of Wisconsin disputes that contention. The Federal Power Commission's order is being held in abeyance pending decision of the United States Supreme Court in The United States v. Appalachian Electric Power Company. In this latter case the question is raised whether a reach of the New River in Virginia is a navigable stream of the United States. The Wisconsin River and the New River have striking similarities in flow, slope, and other characteristics.

The Wisconsin case will decide whether the federal government will assume jurisdiction over the 22 power dams on the Wisconsin River or whether the State Public Service Commission will continue to regulate them.

Since July 1, 1938 the Commission has acted on a total of 115 formal water power cases covering permits for new dams, permits to raise or enlarge old dams, acquisition of existing dams--these involved economic and water power valuation studies--, water power tolls, legalization of existing dams, removals of obstructions to navigation such as fences or illegal fills in lakes, and insufficiency and unsafe condition of dams. There were 140 hearings held.

There were also 19 applications for permits to remove sand, gravel, and marl from lakes, and a total of 140 informal water power cases involving all phases of regulation.

United States Geological Survey

The federal government and the Commission cooperate in water power survey work, including stream gaging and the maintenance of discharge records for the use of federal and state governments.

MOTOR TRANSPORTATION

General

Because of the transfer of many of the duties of the Commission in connection with motor carriers to the Motor Vehicle Department the volume and scope of the Commission's functions and duties in the motor carrier field have been greatly reduced. On the other hand, the regulatory jurisdiction retained by the Commission has been of increasing importance with the growth of the industry and the progress made by the Interstate Commerce Commission in the regulation of interstate transportation by motor vehicle.

Interstate transportation performed by motor vehicle bears a constant and close relationship in many respects with intrastate commerce whether performed by the same or by different motor carriers. Frequently, the line of demarcation between the two classes of commerce is difficult to determine and troublesome questions frequently arise as to whether the Interstate Commerce Commission or this Commission has jurisdiction. Discrimination in favor of one class of commerce or the other is often involved and competitive relationships are continually encountered. The interests of the state, therefore, have required extensive cooperation with the Interstate Commerce Commission to the end that both interstate and intrastate commerce may be defined and regulated with due regard to their relationship with each other and in harmony with the regulations imposed by the respective commissions.

The Interstate Commerce Act provides for such cooperation in various ways, the most important of which is by the creation of joint boards composed of state representatives to take hearings and make recommendations as to decisions and orders in cases where not more than three states are involved. It will be at once recognized that this is an extremely valuable instrument for protecting the interests of the states and preserving their rights. During the biennium the Commission participated in 154 hearings as a member of joint boards.

The development of motor carriage has intensified competition in the conduct of transportation as a business; and in accordance with the direction of the statute, the grant of new authority to engage in the business has been governed largely by the availability or lack of adequate transportation facilities to perform the service proposed. During the biennium the rate of growth in number of carriers engaged in the industry appears to have been retarded but with a greater stability

in the business resulting. While many new carriers have been authorized, they have for the most part been in replacement of existing carriers through the assignment of operating rights already held by existing carriers.

Chapter 288, laws of 1937, gave the Commission authority to grant contract motor carrier licenses and amendments thereto without hearing with the provision that all such grants must be published and that any interested party might within 30 days of any such grant petition the Commission for a public hearing thereon as a matter of right. Under this power the Commission has, during the past biennium, granted approximately 2,285 applications without hearing and thus materially reduced the cost of administration of the act. The applications thus permitted were of the type which, in the opinion of the Commission, would not be opposed by other parties. The rights of any prospective opposing party are protected by liberal application of the rule for hearing on the filing of any objection by any interested party. There has been request for hearing in only a comparatively small percentage of the cases in which authority was granted without hearing.

Scope of Urban Bus Certificates Extended

On April 15, 1939 the Commission issued an order making the authority of all certificates covering urban bus service coextensive with the limits of the municipality served subject to the provision that no route within a municipality may be extended or abandoned without the approval of the Commission. Prior to that time most of the certificates authorizing local bus service within a municipality had specified the streets within the municipality upon which service might be performed. The Commission was of the opinion that a carrier seeking to render local bus service within a municipality assumed an obligation to render reasonably adequate service to the entire municipality. In cases where the proper municipal governing body has by formal action approved a route extension or abandonment the Commission ordinarily approves the change informally subject to reconsideration at the request of any interested party seasonably made. With the broader type of certification now in effect route changes may be more readily effected informally without amending the certification or necessarily requiring a hearing.

Coordination of Rail and Truck Facilities

The Commission issued orders on October 3 and 16, 1939 which were affirmed by order of December 13, 1939 which granted to the Kewaunee, Green Bay and Western Railroad Company and the Ahnapee and Western Railway Company a certificate to operate as a common motor carrier of property

upon line haul routes paralleling its railroad line, and also authorized it to transfer less-than-carload freight and express between railroad depots at Green Bay.

In its order the Commission referred to section 194.02, Statutes, which charges it with the duty "to supervise and regulate the transportation of persons and property by motor vehicles upon and over the public highways of this state in all matters so as to carefully preserve, foster, and regulate transportation and permit the coordination of transportation facilities" and based its finding of public convenience and necessity upon the benefits to be derived from coordinated rail and truck service. The Commission expressed the belief that the effect of the decision would not affect motor carriers generally and pointed out that it was not its function to deny the public the benefit of improvements in transportation service merely because existing carriers would lose traffic, since motor carriers were no more immune from hazards arising from progress in the art of transportation than were the forms of transportation which preceded them.

Motor Carrier Rate Cases

In docket 2-R-255, MC-1, rates, rules and regulations for the moving of used household goods and office furniture and equipment by contract motor carriers in intrastate commerce were prescribed. Long distance moving between all points in the state was embraced in the rate order and minimum rates were prescribed for local hauling within all municipalities of over 4,000 population.

In conformity with its order in this matter which was issued October 18, 1939 the Commission compiled and distributed to all authorized contract carriers a tariff designed to serve as a master tariff for all such carriers, except insofar as it might be amended by approved supplements containing other rates or charges in conformity with the order.

Docket 2-R-255, MC-1 was also reopened with respect to all rates charged by contract motor carriers. Extensive hearings were conducted and an examiner's proposed report issued following which further hearings were held. The matter is now pending upon final submission.

In addition to the foregoing there have been many proceedings involving the rates of individual carriers. Most rate changes have been acted upon informally without public hearing but where it appeared that competition between carriers and the desire to secure business by one carrier at the expense of another were resulting in the establishment of rates which were either

unjustly discriminatory or unreasonable, the Commission has conducted public hearings in order to determine whether the proposed rates were justifiable. It is hoped that the findings in the general case will, when made, result in the stabilization of rates on a just and reasonable level and will prevent ruinous competitive rate-cutting by either common or contract motor carriers. It must be recognized, however, that motor vehicles handle such a variety of traffic and under such varying circumstances that no general measure can serve as a fixed and definite determinant in all cases.

Principal work of the Commission in its regulation of railroads during the biennium has been in rate, service, and safety activities.

Wisconsin Railroad Rate Cases

In an October 29, 1938 investigation of the rates, rules, and regulations of Wisconsin rail carriers relating to shipments of livestock in trailer cars containing the overflow from one or more full carloads, the Commission approved rates and rules published by the carriers which were similar to those in effect on interstate shipments and which were found not to be unreasonable except insofar as they provided a proposed minimum charge of $16.50 for trailer cars. This charge was not approved and would have resulted in material increases particularly on short hauls.

The Commission entered into a general investigation of intrastate rates on bituminous and anthracite coal and coke on April 6, 1937. Final order was issued March 21, 1939 and the prescribed rates became effective May 1, 1939. The order established a general rate structure on coal and coke throughout the state based primarily on the distance from the dock nearest to destination with permitted equalization, within specified limits, of more distant dock ports with the nearest. The order also established the first general prescription of fine coal rates applying from the lake docks to all points in the state. Prior to its issuance, fine coal rates had been established only at paper mill points to which large quantities of fine coal were shipped.

Railway Express Agency was granted authority to make effective changes in intrastate rates, rules, and regulations corresponding to those authorized by the Interstate Commerce Commission in interstate commerce. These changes resulted in a reduction of the charges applying on small packages and a 10 percent increase on other express shipments, except that carload rates on berries, fruits, melons, and vegetables were increased 5 percent, with a maximum increase of 15 cents per 100 pounds.

The Commission authorized general increases in intrastate rates similar to those authorized in interstate commerce by the Interstate Commerce Commission. Under this authority the rail carriers increased the rates applying on carload shipments of pulpwood 10 percent

while the rates applying on lumber and articles taking lumber rates were increased only 5 percent. Following an investigation made upon complaints the Commission found that the increased rates on pulpwood were on approximately the same level or lower than the rates on that commodity in Minnesota and Michigan, and that they were not in excess of reasonable maximum rates.

Following protests filed by lumber interests the Commission investigated the reasonableness of a 1-cent per 100 pounds penalty charge on forest products which rail carriers published to apply when the manufactured commodities were not reforwarded from transit points within the free time provided for in the applicable tariffs. It was found that the extension of the transit time limit was an accommodation on the part of the carriers to assist shippers, who because of the depression were unable to move their products from transit points within the prescribed time limit. No convincing showing was made that the present rule providing for 2 years free time for such shipments is unreasonable or that the penalty charge of 1 cent per 100 pounds for further extension beyond that time is unreasonable, unduly discriminatory, or unduly prejudicial. The proceeding was accordingly dismissed.

In a docket dealing with transit rates for the kiln drying of lumber moving between points in Wisconsin, the Commission amended a previous order to permit carriers to publish stoppage in transit arrangements for the benefit of shippers desiring to kiln-dry lumber at various points intermediate to origin and final destination.

Interstate Rate Adjustments

In Interstate Commerce Commission's Western-Southern Class Rates case, a readjustment of rates, previously prescribed to and from key points in eastern and southern Wisconsin adjoining Illinois territory, was secured which resulted generally in reductions.

The rail carriers' proposal to place the application of the stocker and feeder livestock rates on a transit basis which would have resulted in many increases was found unjust and unreasonable by the Interstate Commerce Commission on further hearing. The Wisconsin Commission participated in this proceeding in order to protect the Wisconsin livestock industry from the proposed increases.

The Commission continued its participation in the so-called Southern Governors Freight Rate Case. In this case the southern complainants were seeking the establishment of rates on various manufactured commodities

from the south to the north on a lower level than obtains from the north to the south and on a level which would give the southern producers a more favorable competitive relationship with northern producers. While the complaint was dismissed as to many of the commodities involved, it was sustained as to others, some of which are produced in Wisconsin and which met southern competition both in the north and in the south. The decision was regarded generally as a victory for the southern interests.

This Commission filed petition for rehearing pointing out among other things that the decision would have the effect of disturbing rates on plumbers' goods from Sheboygan to the Atlantic coast which had been established by the railroads in order to meet competition by water although water competition was not present on the movement from southern producing points. The petition for rehearing was denied but upon a supplemental order rates on plumbers' goods from Sheboygan to Atlantic Coast points were specifically excepted from the findings and the relationship required by the order.

This Commission also participated in Ex parte 126, Express Rate Increases, and in further hearing in Ex parte 115, General Commodity Rate Increases.

A general readjustment of the rates on paper from Wisconsin and the northwest to Southwestern territory which was proposed by the rail carriers was suspended after protest by this Commission. The Commission took an active part in defending the present adjustment, and opposing the many increases which would have resulted from the carriers' proposal. A favorable examiner's report has been submitted and final decision is now pending before the Interstate Commerce Commission.

Railroad Abandonments

The trend toward the elimination of very light density or otherwise unprofitable segments of railroad mileage continued through the biennium. Under authorization by the Interstate Commerce Commission or this Commission there have been several abandonments by both steam and interurban electric railways.

The Wisconsin & Michigan Railroad Company abandoned its entire line, of which 18.61 miles were in Wisconsin, on July 1, 1938. The Interstate Commerce Commission had issued a certificate authorizing abandonment in January.

Though the Commission was successful in securing rehearing by the Interstate Commerce Commission after

its original decision authorizing abandonment of the Kickapoo Valley branch of the Chicago, Milwaukee, St. Paul, and Pacific Railroad Company the final decision again authorized the abandonment and the 52 miles of road from Wauzeka to La Farge have now been abandoned.*

Under other Interstate Commerce Commission authorizations the Minneapolis, St. Paul & Sault Ste. Marie Railway Company was permitted to abandon 6.78 miles of line between Curtiss and Owen in 1938 and 11.46 miles between Cylon and Glenwood in 1940. In both instances the sections abandoned had formerly been parts of the main line but their value had largely disappeared by reason of the railroad's greater use of other of its own lines for through main line service.

In 1939 the Chicago & North Western Railway Company received authority to abandon its line from Bain, Wisconsin, to Harvard, Illinois, of which 15.97 miles were in Wisconsin, but of this the company later reopened for service 6.61 miles between Bassett and the Illinois state line.

The Chicago, St. Paul, Minneapolis & Omaha Railway Company in 1938 abandoned the 17.14 miles of line between Holcombe and Hannibal of its Chippewa Falls-Hannibal branch.

This Commission in the biennium authorized the abandonment by The Milwaukee Electric Railway & Transport Company of the part of its electric interurban line from Hales Corners to Mukwonago and the discontinuation of all but carload freight service on the part from Mukwonago to East Troy, and the abandonment by the Wisconsin Power and Light Company of its electric interurban line from Sheboygan to Crystal Lake.

Three other minor pieces of line were abandoned by steam railroads in the biennium and proceedings for the abandonment of two other pieces were pending at its close. On July 3, 1940 The Milwaukee Electric Railway & Transport Company was authorized by this Commission to abandon the portion of its electric interurban line between Port Washington and Sheboygan and to substitute the operation of motor busses for electric railway service between these points.

* The Public Service Commission opposed this abandonment.

Physical abandonments are listed below:

Company	Line	Miles
C. & N. W. Ry.	Cahon Mine spur	2.0
	Ormsby Branch spur	4.3
	Blackwell, East spur	5.0
	Bain-Bassett K. D. Branch	17.3
C. M. St. P. & P.	La Farge	52.1
Wis. Cent. Ry. (Soo)	Owen - Curtiss	6.8
Wis. & Mich. R. R.	Entire line	18.0
Wis. Pwr. & Lt. Co.	Electric - Sheboygan to Crystal Lake - balance of entire rail line	23.8

Abandonments pending or ordered:

C. & N. W. Ry.	Hazel Green branch	5.2
Wis. Cent. Ry. (Soo)	Cylon	11.5
C. M. St. P. & P.	Prairie du Sac	1.0
T. M. E. R. & T. Co.	Electric - Hales Corners - Mukwonago	17.0
	Port Washington - Sheboygan	26.7

Safety

Safety inspections during the biennium included the checking of 39,301 safety items and 3,836 service items. Included were signals, grade crossings, switch locks, track clearances, tracks, bridges, etc.

During the early months of 1940 an extensive re-check was made of public crossings in the state. Many crossings are now being protected by signals with federal funds supervised by the state highway commission.

Early in the biennium the Commission began a careful check of railroad clearances in the state. Under Wisconsin law the construction or maintenance of building

or platforms, or the accumulation of rubbish, waste, or other material closer than 8.5 feet to railroad tracks is prohibited unless there is specific exemption in each individual case made by the Commission. Purpose of the required clearances is to protect railroad workmen.

The Commission issued a general order requiring that clearances be made to conform to legal standards or that applications for exemptions be filed promptly.

All Wisconsin railroads co-operated and less-than-legal clearances have been either corrected or exempt by special order of the Commission where clearances were found not to be hazardous.

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